

31 July 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Conversation with Robert Hull re State Department's
Comments on CIARDS Legislative Proposal

1. Today Robert Hull, Department of State, called to explain the position the Department will be taking with respect to the transfer of government contributions proposal in the draft CIARDS legislation sent by the Office of Management and Budget to the Department of State for comment.
2. Hull said the proposal creates a "false impression" that the transfer of government contributions would fully fund the normal costs of past service. Further, the fact that government contributions are not presently transferred is a convenient explanation for the higher normal costs associated with the CIA and Foreign Service retirement systems when compared to the Civil Service system. Also, the income from the transfer would be insignificant when compared to need. Finally, the resulting accounting costs were high in relation to net gain.
3. I disagreed on all points and in the ensuing discussion he came to better appreciate the reasons why this proposal had an important impact on the CIA system. He agreed that accounting was not a significant problem since employee contributions are already being transferred. In response to my question he said they had not even considered whether the proposal would result in a significant depletion of the Foreign Service Fund. I told him it would not at present and he replied that if there was any unique problem between our two Funds, it possibly could be resolved through reimbursements.
4. I asked how the Department would specifically present their adverse and essentially subjective position in view of Hull's recognition that the proposal is sound in principle, has been cleared twice previously for transmittal to the Congress, and favorably acted upon by one House.

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Hull fell back on the "false impression" argument and the fact that since supplemental funding would be needed eventually the proposal would merely be a cumbersome delaying device. I told Hull that if the Department's position had not jelled yet, I would like to be given the opportunity to put our substantive people in touch either with him or the proper State official involved since the provision was important to us and the Department should be completely aware of all its merits before taking an adverse position. Hull said the position was firm.

5. I reported the substance of the above to Director of Finance. It was agreed that little would be served at this late date to take further initiative with State on this matter, particularly in view of the subjective rationale being used by State and the overriding importance of the positions which will be taken by the Civil Service Commission and the Office of Management and Budget which in the past have been favorable. *o*

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Assistant Legislative Counsel

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